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RECORDATION NO. 14926 A Filed & Recorded

JAN 8 1987 3:05 AM

INTERSTATE COMMERCE COMMISSION

December 22, 1986

Secretary, Interstate Commerce Commission
12th St. and Constitution Avenue, N.W.
Washington, D.C. 20423

Attn: Ms. Mildred Lee

Re: Document for Recordation

Dear Sir or Madam:

I have enclosed the original and three copies, certified to be true copies of the documents described below, to be recorded pursuant to Section 11303 of title 49 of the Code of Federal Regulations.

The first document is a Termination of Obligation under Term Loan Note, a secondary document dated December 23 1986 which is filed with respect to a certain Security Agreement which was filed March 24, 1986 and has received document number 14926 in your office. The names and addresses of the parties to the secondary document are as follows:

7-006A005

Secretary, Interstate Commerce Commission
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this

14926-A

Obligor: Morristown & Erie Railway, Inc.
P. O. Box 2206-R
Morristown, N.J. 07960

Guarantor: Benjamin J. Friedland
C/O Morristown & Erie Railway, Inc.
P. O. Box 2206-R
Morristown, N.J. 07960

Secured Party: John L. Ard, Trustee in Bankruptcy
for Morristown & Erie Railroad Company
McElroy, Deutsch and Mulvaney
218 Ridgedale Avenue
Morristown, N.J. 07960

A description of the equipment covered by the document is found on the attached Schedule A. The equipment includes motive power and rolling stock, track equipment and such other items as are described in the attached schedule.

A summary of this document is:

Release of a Security Agreement between Morristown & Erie Railway, Inc. and John L. Ard, Trustee in bankruptcy for the Morristown & Erie Railroad Company dated December 23, 1986 and covering certain motive power and rolling stock and track equipment, among other things.

not this

The second document enclosed is a Security Agreement, a primary document dated December 23, 1986. The names and addresses of the parties to the document are as follows:

Borrower: Morristown & Erie Railway, Inc.
P. O. Box 2206-R
Morristown, New Jersey 07960

Lender: The Howard Savings Bank
190 South Orange Avenue
Livingston, New Jersey 07039

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The document covers motive power and rolling stock and track equipment more fully described on the attached Schedule A.

A short summary of this document to appear in the Index is as follows:

Security Agreement between Morristown & Erie Railway, Inc., Borrower, and The Howard Savings Bank, Lender, dated December 23, 1986 and covering certain motive power, rolling stock and track equipment, among other things.

Our check in the amount of \$20.00 to cover the fee payable for recording both documents is enclosed. Please return the original and any extra copies not need for recordation by the Commission with a filing notation to Harriett Jane Olson, Pitney, Hardin, Kipp & Szuch, 163 Madison Avenue, Morristown, New Jersey 07960. Thank you for your attention to this request.

Very truly yours,

HARRIETT JANE OLSON

HJO:slw
Enclosures
27795/40043

JAN 6 1986 3-05 PM

SATISFACTION OF TERM LOAN NOTE
AND
TERMINATION OF SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

This Satisfaction, dated this 23rd day of December, 1986, from John L. Ard, Trustee in Banruptcy for The Morristown & Erie Railroad Company, having an office C/O McElroy, Deutsch and Mulvaney, 218 Ridgedale Avenue, P. O. Box 2075-R, Morristown, New New Jersey 07960 (hereinafter referred to as the "Trustee") to Morristown & Erie Railway, Inc., a New Jersey corporation, with its principal office off Abbett Avenue, P. O. Box 2206-R, Morristown, New Jersey 07960 (hereinafter referred to as the "Railroad"), and Benjamin J. Friedland, individual, having an office off Abbett Avenue, P. O. Box 2206-R, Morristown, New Jersey (hereinafter referred to as "Friedland").

W I T N E S S E T H:

WHEREAS, the Railroad is obligated to the Trustee under the terms and conditions set forth in a certain Term Loan Note in the original principal amount of \$150,000.00, dated March __, 1986, (the "Note") and a certain Security Agreement dated __ of March, 1986 (the "Security Agreement"); and

WHEREAS, Friedland has guaranteed the Railroad's payment and performance under the Note and Security Agreement by execution of a certain Irrevocable and Unconditional Personal Guaranty dated March 20, 1986 (the "Guaranty"); and

WHEREAS, the Railroad has satisfied the obligations set forth in the Note and Security Agreement by purchasing the assets from the Trustee in accordance with the Plan of Reorganization certified by the Interstate Commerce Commission to the United States District Court for the District of New Jersey on May 20, 1982, approved by Order of the Court entered on August 12, 1982, and confirmed by the Court on December 14, 1982; and

WHEREAS, Trustee desires to release the Railroad from its obligations under the Note and Security Agreement and Friedland from his obligations under the Guaranty,

NOW, THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

1. Trustee, for himself and on behalf of The Morristown & Erie Railroad Company, hereby releases any and all right, title and interest to any asset of Railroad or to any performance by Railroad which it may have had by virtue of the Note or Security Agreement.

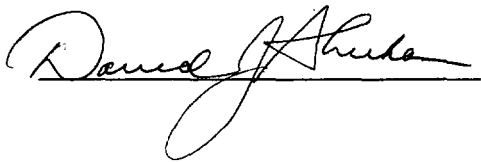
2. Trustee, for himself and on behalf of The Morristown & Erie Railroad Company, hereby releases any and all rights, claims or benefits which it may have by virtue of the Guaranty.


3. Trustee will execute any and all documents necessary to confirm, record or publish the release herein described upon request for same by Railroad or Friedland.

4. This Release is intended to terminate the filing of the Security Agreement which was made with the Interstate Commerce Commission bearing recordation number 14926 which was filed March 24, 1986 at the Interstate Commerce Commission office in Washington, D.C.

IN WITNESS WHEREOF, the Trustee has caused these presents to be duly executed as of the date first above mentioned.

Witness:





JOHN L. ARD, Trustee in
Bankruptcy for The Morristown
& Erie Railroad Company

CERTIFICATE OF ACKNOWLEDGMENT

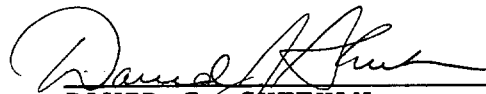
STATE OF NEW JERSEY)
).SS:
COUNTY OF MORRIS)

I am an attorney-at-law of the State of New Jersey,
and as such am an officer authorized to take acknowledgments
and proofs in this State.

On December 23, 1986, John L. Ard appeared before
me in person and acknowledged that:

1. He is the Trustee of The Morristown & Erie
Railroad Company, a party to the attached Release;

2. The execution of the attached release is within
the authority of the Trustee in effectuating the Plan of
Reorganization confirmed by the United States District Court
for the District of New Jersey on December 14, 1982.



DAVID J. SHEEHAN
Attorney-at-Law of New Jersey